

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
Extension of Service Area – US BioEnergy
Public Convenience & Necessity**

Case No. PU-09-649

ORDER GRANTING CERTIFICATE

December 31, 2009

On July 25, 2007, the Commission issued Certificate of Public Convenience and Necessity No. 5325 for Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., (MDU) to construct and operate a natural gas pipeline to serve US BioEnergy (BioEnergy), a new ethanol production facility near Hankinson, North Dakota, Case No. PU-07-270. MDU constructed a tap into the Alliance Pipeline near Fairmount, North Dakota and sixteen miles of pipeline to provide natural gas transportation service. The line became operational in January 2008.

On September 9, 2009, MDU filed an application to extend the service area granted by Certificate of Public Convenience and Necessity No. 5325 to allow for taps into the existing sixteen-mile pipeline, and to extend facilities from the taps to locations beyond the existing line to customers within the townships of Brightwood, Waldo, De Villo, LaMars, and Fairmount of Richland County, North Dakota.

On September 29, 2009, the Commission issued a Notice of Opportunity for Hearing, providing until November 13, 2009 for receiving written comments or requests for hearing. No comments or requests for hearing were received. The notice provided that the Commission could determine this matter without a hearing if deemed appropriate. The notice identified the following issues to be considered:

1. Need for the service.
2. Fitness and ability of applicant to provide service.
3. Effect on other public utilities providing similar service.
4. Adequacy of proposed service.
5. The technical, financial, and managerial ability of the applicant to provide service.

On December 10, 2009, the Commission discussed this matter with representatives from MDU and Commission staff at an informal hearing.

MDU indicates that two grain facilities and a flour mill in the area have expressed an interest in contracting for natural gas transportation service. The interested parties understand the cost of the pipeline extensions to their facilities will be borne 100 percent by the parties requesting extension of service. Any new customers served off of the line will be responsible for securing a supply of natural gas and pipeline services necessary for the delivery natural gas to MDU's system. MDU states that the addition of new gas transportation service customers will provide a net benefit to all natural gas customers served by MDU in North Dakota.

The Commission finds that public convenience and necessity will be served by expansion of the service area.

MDU is a Delaware Corporation authorized to do business in North Dakota as a foreign corporation, and is doing business in North Dakota as a public utility subject to the jurisdiction of and regulation by this Commission.

MDU is an experienced public utility that transmits and distributes natural gas or propane to more than 250 communities in Montana, North Dakota, South Dakota, and Wyoming. Montana-Dakota Utilities Co. has the experience and resources to construct, own, and operate the facilities proposed in this application.

The Commission finds that MDU is fit, willing, and able to provide the service requested.

The Commission finds that no other natural gas public utilities will be affected by the expansion of the area for service off of the distribution line.

The Commission finds that MDU possesses the technical, financial, and managerial ability to provide the service.

Having considered this matter, the Commission finds that MDU's application should be approved. Therefore, the Commission issues the following:

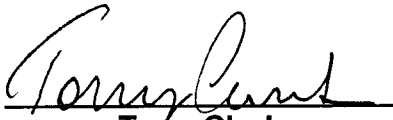
Order

The Commission orders:

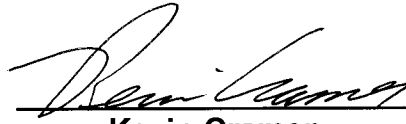
1. Montana-Dakota Utilities Co. is issued First Amended Certificate of Public Convenience and Necessity No. 5325 authorizing expansion of the service area granted in Certificate of Public Convenience and Necessity No. 5325, to allow for taps into the existing sixteen-mile pipeline, to extend facilities from the taps to

locations beyond the existing line to customers within the townships of Brightwood, Waldo, De Villo, LaMars, and Fairmount of Richland County, North Dakota, and to allow provision of natural gas transportation service.

PUBLIC SERVICE COMMISSION



**Tony Clark
Commissioner**



**Kevin Cramer
Chairman**



**Brian P. Kalk
Commissioner**

PUBLIC SERVICE COMMISSION

STATE OF NORTH DAKOTA

First Amended Certificate Number 5325

This is to certify that public convenience and necessity require, and permission is granted, for Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (MDU), to provide natural gas transportation service to US BioEnergy, Hankinson in the SE 1/4 of Section 18, Township 130N, Range 49W, and to customer locations within townships of Brightwood, Waldo, Del Villo, LaMars, and Fairmount; Richland County, North Dakota.

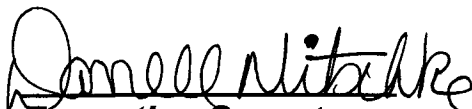
The service area was granted by the Commission's July 25, 2007 Order in Case No. PU-07-270; and amended by the Commission's December 31, 2009 Order in Case No. PU-09-649.

This certificate is subject to the conditions and limitations noted in those orders. This certificate is conditioned upon MDU securing the franchise or other authority of the proper municipal or other public authority for the exercise of these rights and privileges.

Bismarck, North Dakota, December 31, 2009.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Secretary


Commissioner